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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/892,965	06/27/2001	Rick A. Hamilton II	AUS920010551US1	3809
7590	05/03/2006		EXAMINER	
Frank C. Nicholas CARDINAL LAW GROUP Suite 2000 1603 Orrington Avenue Evanston, IL 60201			LE, KHANH H	
			ART UNIT	PAPER NUMBER
			3622	
			DATE MAILED: 05/03/2006	

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/892,965	HAMILTON, RICK A.	
	Examiner	Art Unit	
	Khanh H. Le	3622	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 17 February 2006.

2a) This action is **FINAL**. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 1-23 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) 1-23 is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All b) Some * c) None of:

1. Certified copies of the priority documents have been received.

2. Certified copies of the priority documents have been received in Application No. _____.

3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

<p>1) <input type="checkbox"/> Notice of References Cited (PTO-892)</p> <p>2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)</p> <p>3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.</p>	<p>4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s)/Mail Date _____.</p> <p>5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)</p> <p>6) <input type="checkbox"/> Other: _____.</p>
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DETAILED ACTION

1. This Office Action is in response to Applicant's Response dated 02/17/2006. Claims 1-23 are now pending. Claims 1, 10, 19 are independent.

Claim Rejections - 35 USC § 103

2. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

3. **Claims 1-23 are rejected under 35 U.S.C. 103(a) as being unpatentable over admitted art and Shida, US 2002/0087396 in view of “Air Force Instruction 36-815, 1 November 1999, Personnel Absence and Leave, Compliance with this Publication is Mandatory”**

<http://web.archive.org/web/20000916190232/http://afpubs.hq.af.mil/pubfiles/af/36/afi36-815/afi36-815.pdf>, herein “AF Instruction 36-815”.

As to claims 1-2, 4-5, 7-11, 13-14, and 16-21,

Loyalty points issuance and redemption for awards are admitted art (Specifications p. 1-2). Further, Shida, cited in an earlier Office Action, discloses a computerized system for accumulation and redemption of loyalty points (see at least abstract).

The above references does not specifically disclose allowing an overdraft of points against future points earnings, requiring repayment if the earnings do not match the advanced redeemed points after a certain time, requiring that the customer meet certain criteria including requiring an ability for the business to have access to funds of the debtor if no repayment occurs as claimed.

However, AF Instruction 36-815 discloses that Sick Leave is earned and is redeemed (used) as needed. One can borrow sick leave against future earnings and has to repay them against earnings, or in cash if one quits before enough leave accumulates (see pages 18-19).

Thus AF Instruction 36-815 discloses:

A computerized (implicitly because computers are needed to process payrolls and sick leave accounts of the huge federal workforce) system ,method and a computer readable medium for providing awards to a customer (employee) comprising:

receiving an award request (a request for the award or benefit of actual days or parts thereof of pay while being off duty due to sickness).

determining if the customer has a number of sick leave units (e.g. sick leave hours) to meet a predetermined number of sick leave units corresponding to the award (actual days or parts thereof of pay while being off duty due to sickness) request; and

authorizing a sick leave units overdraft if the customer has less than the predetermined number of sick leave units.

determining if the customer has accrued a number of sick leave units equal or greater than the sick leave units overdraft after a predetermined time period has elapsed (see pages 18-19: the determination is made, e.g. at separation from employment)

imposing a financial penalty on the customer if the customer has accrued less than the sick leave units overdraft on expiration of the predetermined time period (repay after expiration of employment period) .

wherein the financial penalty includes charging the customer for the price of the award (repay the value of the unliquidated sick leave balance, see pages 18-19)

and wherein the authorization of the rewards overdraft is based on customer criteria including a frequency of customer patronage (implicitly only qualified employees (also viewed as customers) who frequent the business (federal employment) regularly are allowed such benefits).

and wherein the customer criteria includes a customer authorization to debit a financial instrument (payroll account is debited for any amount due).

Sick leave units are analogous to points, redeemable for actual days or parts thereof of pay while being off duty due to sickness.

Here the federal Sick Leave policy of allowing borrowing against future earnings is reasonably pertinent to the particular problem with which the inventor was concerned. The federal employer wishes to attract, retain the best employees and secure their loyalty by providing the generous sick leave benefits as above-discussed. The commercial vendor has the same motivation to attract and retain loyal customers by providing advanced points as claimed. Thus the reference is analogous arts. See *In re Oetiker*, 24 USPQ2d 1443, 1445 (Fed. Cir. 1992) "*A prior art reference is analogous if the reference is in the field of applicant's endeavor or, if not, the reference is reasonably pertinent to the particular problem with which the inventor was concerned.*"

Thus it would have been obvious to one of ordinary skill in the art at the time the invention was made to allow borrowing points against future earnings (just as sick leave) in order to provide benefits to the newer members who haven't had time to accumulate the points (just as for sick leave (see excerpt below) and thereby win their loyalty.

All the other claimed features of borrowing against future points earnings, requiring repayment if the earnings do not match the advanced redeemed points after a certain time,

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requiring that the customer meet certain criteria including requiring an ability for the business to have access to funds of the debtor if no repayment occurs, parallel the features disclosed in the reference.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to add those features to the main claim to provide the balance of providing benefits to customers without thereby hurting the business financially, as implicitly taught by federal government sick leave policy of repayment, penalty (deducting pay due) in case of quitting, and ability to access the debtors' funds in case of no repayment.

As to claims 3 and 12,

the above cited references do not disclose wherein the time period is a range of about one day to about one year. However, Official Notice is taken that it is well-known for businesses to give free benefits for a predetermined period only in order to protect the business financially. For example, insurance companies would allow a grace period before canceling a policy when an insurer is late in paying premiums. It would have been obvious to one skilled in the art at the time the invention was made to add, to the main claim as disclosed by the above cited references, requiring repayment within one day to about one year, as the business circumstances dictate, to protect the business finances.

As to claims 6 and 15 (dependent on claims 4, 13 respectively) the above cited references do not disclose wherein the financial penalty includes charging the customer interest based on the price of the award. . However, Official Notice is taken that it is well-known for businesses to charge interest on loans in order to make profits. The points advanced are loans thus it would have been obvious to one skilled in the art at the time the invention was made to add such feature to the main claim to allow the business some profits.

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As to claim 22, it is admitted art that points are issued for purchases from at least one company, e.g. an airline company (specifications at [003]).

As to claim 23, it is admitted art that some points are redeemable against rental car benefits (specifications at [004]) and thus a request for such award is implicitly admitted.

Response to Arguments

4. As to the argument that Shida teaches away and that adding AF Instruction 36-815 to Shida would destroy Shida (page 7 of Response, last 2 paragraphs to page 8), it is noted that the last Office Action stated:

"Loyalty points issuance and redemption for awards are admitted art (Specifications p. 1-2). Further, Shida, cited in an earlier Office Action, discloses a computerized system for accumulation and redemption of loyalty points (see at least abstract)."

Thus Shida was used only to show that computerized systems for accumulation and redemption of loyalty points are known before invention time. In other words, Shida was used to show the level of ordinary skill in the art in computerized systems for accumulation and redemption of loyalty points,(e.g. tracking with customer point databases : see Fig. 6, [0019] [0020]). AF Instruction 36-815 further teaches allowing borrowing points against future earnings. Since the Air Force has many employees it is also obvious a computer system has to be used to keep track for the sick leave used, borrowed, or repaid by employees taught by AF Instruction 36-815.

It was stated in the last Office Action

"Thus it would have been obvious to one of ordinary skill in the art at the time the invention was made to allow borrowing points against future earnings (just as sick leave) in order to provide benefits to the newer members who haven't had time to accumulate the points (just as for sick leave (see excerpt below) and thereby win their loyalty." Loyalty and loyalty

points are already taught in the admitted art as discussed above. Thus the motivation to combine AF Instruction 36-815 to the traditional loyalty scheme, which is to allow redemption of accumulated points only (in the admitted art or in Shida), does not reside in Shida but in AF Instruction 36-815 as stated above. By blocking use of more points than accumulated as argued, Shida only shows a computerized implementation of the traditional scheme. With the level of skill in the art in computerized accumulation, redemption and tracking of points balances, at the time of the invention, as shown in parts of Shida, it would have been obvious for one in the art to implement similar computer techniques (e.g. database management, user login ,user requests for redemption) to implement issuance and use of borrowed points against future earnings as taught by AF Instruction 36-815. The obvious evidence that such has been realized is that the Air Force has implemented in fact its policy for many employees.

Contrary to argument, one would look to the teachings in Shida of points database management, user login ,user requests for redemption etc.. to implement the teachings of AF Instruction 36-815.

The Examiner recognizes that if the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious. However of the Shida paragraphs cited by Applicants, arguably, only [0060] can be read as not allowing redemption for more than the accumulated number of points. However [0060] refers back to Figure 7 which is described as only “one example of a use of the management database”. see [0025]. In other words, redemption not allowed for more than the accumulated number of points, is not the “principle” of operation of the prior art, as argued, but only one example. Disclosed examples and preferred embodiments do not constitute a teaching away from a broader disclosure or non-preferred embodiments. *In re Susi*, 169 USPQ 423 (CCPA 1971). Thus adding AF Instruction 36-815 to Shida does not destroy Shida. Further, nothing in Shida would prevent issuance of borrowed points (as modified by the AF Instruction 36-815) to be added to the accumulated points pool and be redeemed subsequently as taught by Shida at [0060].

Next, in challenging the rejection of claims 1,10, and 19, at page 8, Applicants argue that “nowhere in the Specification does the Applicant equate or define an award request as receiving regular pay while on sick leave (Response at page 8 last paragraph)”. It is noted that if there is an explicit definition in the Specification then the Examiner would have to be bound, in interpreting claim terms, by such explicit definition. See MPEP 111.01. The rule is not, Applicants seem to argue, that if the Specifications do not define certain terms in a specific way then the Examiner cannot interpret claim terms in such way. Since there is no explicit definition of “awards”, the broadest reasonable interpretation rule applies. MPEP 111.01. Further, as stated earlier, the claimed term “award” reads on any type of award or reward or benefit and also reads on sick leave benefits.

Further, in response to applicant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, (Response at page 8 last paragraph), it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971). Here reconstruction was based on at least knowledge which was within the level of ordinary skill at the time the claimed invention was made as shown by the admitted art and AF Instruction 36-815 .

Lastly, as to claims 6 and 15 (dependent on claims 4, 13 respectively), Applicants seem to argue that the motivation to combine references should be the same as Applicants', that is to charges interest as penalty and not to make profits as suggested by the Examiner. However, “**... law of obviousness does not require that references be combined for reasons contemplated by inventor**, but only looks to whether some motivation or suggestion to combine references is provided by prior art taken as whole. “*In re Beattie*, 24 USPQ2d 1040 (CA FC 1992).

Finally, it is again noted that all facts Officially Noted in previous Office Actions and not seasonably or properly challenged are taken as admitted. MPEP 2144.03.

Conclusion

5. THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

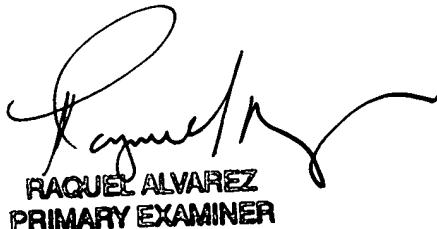
6. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Khanh H. Le whose telephone number is 571-272-6721. The Examiner works a part-time schedule and can normally be reached on Tuesday-Wednesday 9:00-6:00.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Eric Stamber can be reached on 571-272-6724. The fax phone numbers for the organization where this application or proceeding is assigned are 703-872-9326 for regular communications and 703-872-9327 for After Final communications. Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 571-272-3600.

April 21, 2006

KHL

RAQUEL ALVAREZ


RAQUEL ALVAREZ
PRIMARY EXAMINER